

INDAKA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2005

KwaZulu-Natal Government
Provincial Treasury
2005-12-07
PO BOX 3613
PIETERMARITZBURG 3200

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GENERAL INFORMATION

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MEMBERS OF THE EXECUTIVE COMMITTEE

Cllr. SM Sithole
Cllr. SSS Mbense
Cllr. NH Hlatshwayo
Cllr. PS Mpungose

Mayor
Deputy Mayor
Speaker
Executive Committee Member

SPEAKER OF COUNCIL

Cllr. NH Hlatshwayo

Total number of councillors: 20

GRADING OF THE LOCAL MUNICIPALITY

Grade 1

(As per councillor remuneration grading)

AUDITORS

The Auditor-General

BANKERS

Standard Bank Group - Ladysmith

REGISTERED OFFICE

1410 A Section
Ekuvukeni
Wasbank
2920

Private Bag X 70113
Wasbank
2920

Telephone (034) 261 1000 / 2612310/ 2612313
Fax (034) 261 2035

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 1 to 25 were approved by the Municipal Manager on 30 August 2005 and will be presented to Council in September 2005 Council Meeting.

MUNICIPAL MANAGER

Mr SM Mbhele (Effective date: 01 February 2002)

CHIEF FINANCIAL OFFICER

Mr M.B Dlamini (Effective Date: 01 March 2005)

MAYOR'S FOREWORDS

2004/2005 FINANCIAL YEAR

Background

Indaka Municipality is a grade one Local Municipality within the uThukela District Municipality. It covers eight traditional authority areas namely Mchunu, Mbhense, Kunene, Mabaso, Nxumalo, Sithole, Zwane, Mthembu. The Municipality has been in existence for four and the half years and has 10 wards with 20 councillors. It is worth mentioning that the municipal area is mainly rural.

Challenges

The municipality has been under extreme challenging conditions. The municipality has to address challenges of infrastructure, tourism, local economic development, poverty, drought, capacity building, service delivery, HIV/AIDS pandemic, planning and implementation of sustainable projects in a fair, equitable and transparent manner. Revenue increase and community capacitation on payments of debts remains a challenge. The municipality has achieved some of its own objectives, like we have managed after some talks to bring and provide office space for the Department of welfare in order to address some of the social issues that faces the Indaka community.

The delays on MIG funds to reach their destination has led to a delay on the implementation of MIG related projects. The former R283 staff transferred from the district also added to the challenges that this municipality has, Indaka has to absorb the personnel expenditure out of equitable share in which that compromises capital projects. The late receipt of the first allocation of equitable share has led to challenges as this municipality is mainly dependent on this grant, but never the less from a tight budget the municipality has managed to allocate its limited resources to the best interest of Indaka communities.

IDP and Budget Process Plans

IDP and Budget Process Plans have been prepared and has been adopted by the council before the beginning of the financial year. It is however acknowledge that the proper implementation of the IDP and Budget are still major challenges. Going forward it is anticipated that there will be an alignment of IDP and budget process plans within the municipality and the district at large but this demands collective efforts for all role-players.

Appreciation

I would like to thank my colleagues, management team and staff for the support and assistance they offered for the whole financial year to improve the service delivery to our municipality.

Cllr S M Sithole
Mayor : Indaka

REPORT FROM THE AUDITOR-GENERAL

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The financial statements have not yet been audited.
Will be included once received after audit.

TREASURER'S REPORT

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2004/2005 FINANCIAL YEAR

Background

Indaka Municipality is a grade one Local Municipality within the uThukela District Municipality. It covers eight traditional authorities. The Municipality has been in existence for four and the half years and has 10 wards, it's main source of income is an equitable share, and about 90% of the land falls into tribal authorities in which the municipality cannot generate income from it.

Challenges

The municipality has been under extreme challenging conditions. The municipality has to address challenges of infrastructure, MFMA implementation, organizational PMS, audit unit establishment, capacity building, planning and implementation of sustainable projects in a fair, equitable and transparent manner. Revenue increase and community expectation on payments of debts remains a challenge. The municipality has achieved some of its own objectives but there is a long way to go.

Annual Financial Statements and Audit Reports

Annual Financial Statements (AFS) for year ending 30 June 2005 were prepared and submitted during August. Some of previous audit opinions and recommendations are currently being addressed.

Summary Financial Review

Income received for this period amounted to R millions and expenditure was R millions. Interest on investment for the period has been recognized. When looking into the balance sheet, it is clear that the municipality worth is increasing.

These financials represents the financial performance and operating results of the Indaka Municipality for the period ending 31 June 2005.

1. OPERATING RESULTS

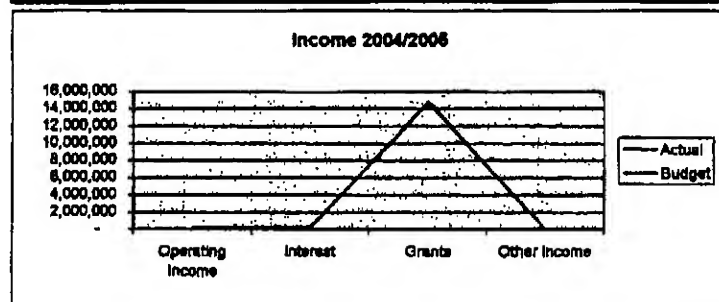
Details of the operating results per department and classification of income and expenditure are included in appendices D and E. The overall operating results for the period ending 30 June 2005 are as follows:

INCOME	Actual 2005 R	Budget 2005 R	Variance Actual/ Budget %	Actual 2004 R	Variance 05 Actual/ 04 Actual %
Operating income for the period	15,120,453	15,124,809	0.0%	11,393,685	32.7%
Closing deficit	-	-	-	-	-
	15,120,453	15,124,809		11,393,685	
EXPENDITURE					
Expenditure for the period	17,679,794	14,543,337	21.6%	13,435,203	31.6%
Closing Surplus				(2,041,517)	
	17,679,794	14,543,337		11,393,685	

2. INCOME

Details of Income per department and classification are included in appendix D.

	Actual 2005	Budget 2005	2005 Variance Amount	2005 Variance %
Operating Income	187,077	248,500	-81,422.53	0.872343944
Interest	119,837	270,000	-150,362.65	44.3%
Grants	14,833,738	14,808,309	227,429.42	101.6%
Other Income	-	-	-	0.0%
	15,120,463	15,124,809	-4,365.76	213.1%



2.1 Grants and Subsidies

Equitable share is shown as operational grant and computer, Socio-economic survey grant and FMG Grant has been received and remaining funds will be transferred to funds.

(See Appendix A and D for more information)

2.2 Operating Income

Actual 2005	Budget 2005
187,077	248,500

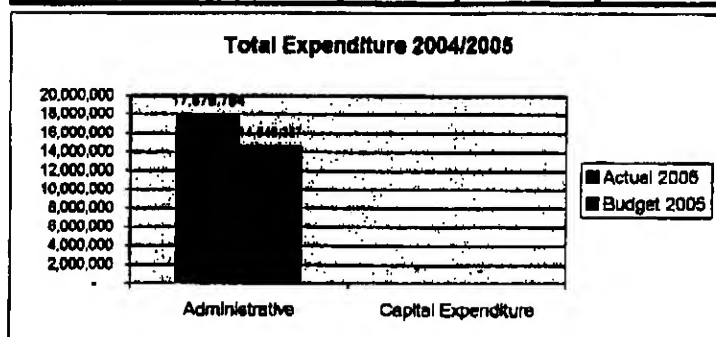
(Refer to Appendix D for more details).

3. EXPENDITURE

3.1 Total Expenditure

Details of income department and classification are included in appendix D.

	Actual 2005	Budget 2005	2005 Variance Amount	2005 Variance %
Administrative	17,878,794	14,543,337	3,136,457	21.57%
Capital Expenditure	-	-	-	#DIV/0!
Total	17,878,794	14,543,337	3,136,457	#DIV/0!



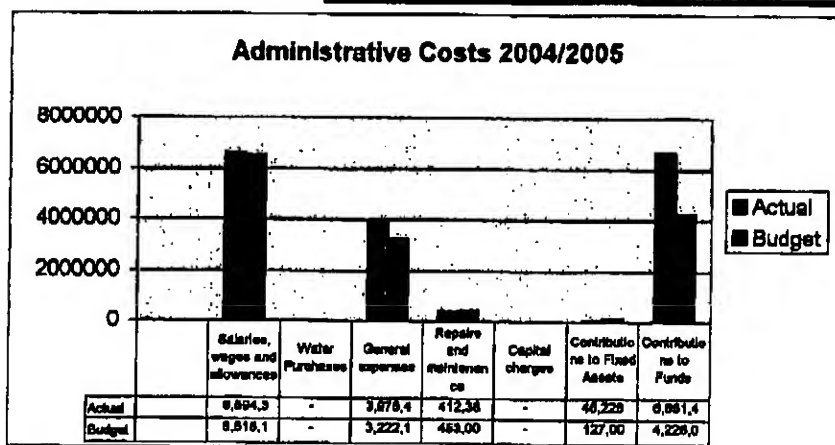
3.2 Administrative Expenditure

Administrative expenditure for the period are as follows:

	Actual 2008	Budget 2008	Variance 2,008	Variance % 2008
Administrative	17,679,794	14,843,337	3,138,487	0.22

Administrative expenditure as per classification are as follows:

	2008 Actual	2008 Budget	2008 Variance	2008 Variance %
Salaries, wages and allowances	8,594,329	8,515,130	79,199	1.22%
Water Purchases	-	-	-	0.00%
General expenses	3,975,452	3,222,152	753,300	23.38%
Repairs and maintenance	412,384	453,000	-40,616	-8.97%
Capital charges	-	-	-	0.00%
Contributions to Fixed Assets	48,228	127,000	-80,772	0.00%
Contributions to Funds	8,851,400	4,228,055	2,425,345	57.39%
	17,679,794	14,843,337	3,138,487	1



4. CAPITAL EXPENDITURE (FIXED ASSETS)

The expenditure on fixed assets incurred during the year amounted to R48 229 which consisted mainly of Civic Buildings, Vehicles and Office Equipment.

Details are reflected in Appendix C

Resources used to finance the fixed assets were as follows:

Contributions from operating income	48,229
Grants & Subsidies	(48,229)
	<u>(0)</u>

Refer to 2.1 for comments on total expenditure.

5. EXTERNAL LOANS, INVESTMENTS AND CASH

5.1 External loans

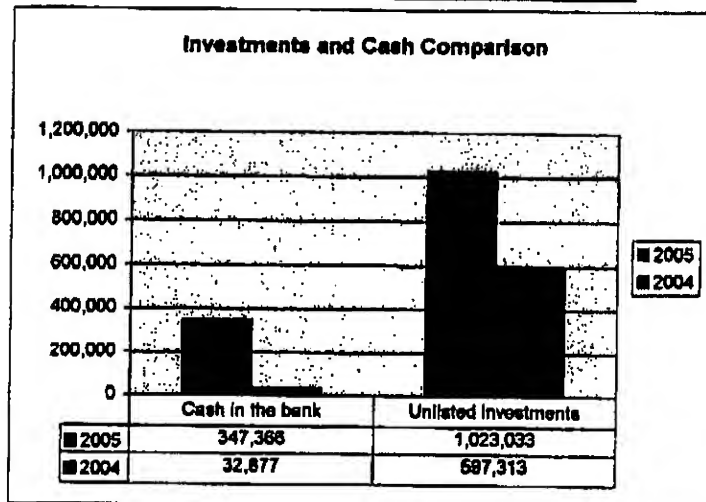
No external loans were taken up for the municipal functions during the period and none were transferred from uThukela District.

Details of external loans are included in appendix A.

5.2 Investments and Cash

All available cash was held in Council's Bank account at 31 December 2004 amounting to (refer to notes 7 and 20 for more details):

	2005	2004	Change %
Cash in the bank	347,388	32,877	91%
Unlisted Investments	1,023,033	597,313	42%
	<u>1,370,399</u>	<u>630,190</u>	



A million rand withdrawal from investments was made this current financial year. Interest received from current account and investment account amounted to R 344,667.00 for the current financial year.

INDAKA MUNICIPALITY

ACCOUNTING POLICIES

1 BASIS OF PRESENTATION

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Finance Officers in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second edition - January 1998).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3.
- 1.3 The financial statements are prepared on the accrual basis as stated:
- (i) Income is accrued when available to finance operations. Certain direct income is accrued when received and/or when the amount can be measured with certainty.
 - (ii) Expenditure is accrued in the year it is incurred.
- 1.4 All amounts disclosed in these Financial Statements are rounded off to the nearest Rand, but actual amounts were used in the calculations.

2 CONSOLIDATION

There is no consolidation as the Municipality only has the rate and general services.

3 FIXED ASSETS

- 3.1 *Fixed assets are stated:*
- (i) at historical cost, or
 - (ii) at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Chief Financial Officer.
- 3.2 *Depreciation*
- The balance shown against the heading 'Loans Redeemed and Other Capital Receipts' in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this 'Provision' assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:
- (i) Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
 - (ii) Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the 'Loans Redeemed and Other capital Receipts' account.
- 3.3 All net proceeds from the sale of fixed property are credited to the Public Improvement Fund. Net proceeds from the sale of all assets are credited to a CDF.
- 3.4 Fixed assets are financed from different sources, including external loans, operating income and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4 STOCK

Stock is purchased on a need basis, and the balance on hand at year end is accounted for as expenditure.

5 FUNDS AND RESERVES

5.1 *Capital Development Fund*

The Local Government Ordinance, Natal, No. 25 of 1974, requires a minimum contribution of 3.0% of the defined income of local authority to the immediately preceding financial year.

5.2 Public Improvement Fund

The Public Improvement Fund provides for the future township development. All development costs as defined in section 103 (3) (d) of the Local Government Ordinance, Natal, No. 25 of 1974, are debited against the fund. All proceeds from sale of developed land are credited as income for the fund.

6.3 Leave Provision

A provision equal to the actual leave credit as at 30 June 2004 is maintained to provide for leave payments on request. Contributions are made from the operating account.

6.4 Bad Debt Provision

A provision equal to the anticipated risk as at 30 June is maintained to provide for bad debts. Contributions are made from the applicable accumulated account based on outstanding debtors more than ninety days.

5.5 Working Reserves

Some funds are reserved for the unexpected variation of working capital.

8 RETIREMENT BENEFITS

Hlabisa Municipality and its employees contribute to the Natal Joint Municipal Pension Fund or the KwaZulu-Natal Joint Municipal Provident Fund which provides retirement benefits to such employees. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No. 24 of 1973) and in accordance with the requirements of the Pensions Fund Act, 1956. Current contributions are charged against operating income on the basis of current service costs.

Full actuarial valuations are performed at least every three years. The last valuation was done on 31 March 1999.

7 LEASED ASSETS

Leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

8 INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred, and are invested in securities as prescribed by section 125 of the Local Authorities Ordinance, 1974 (Ordinance No. 25 of 1974) and section 10G(9) of the Local Government Transition Act, 1993 (Act No. 209 of 1993).

9 INCOME RECOGNITION

9.1 Assessment Rates

Assessment Rates are levied on land and improvement value of property at a differential rate. Rebates are granted according to the use to which a particular property is put to.

9 SURPLUSES AND DEFICITS

The Unappropriated Surplus is maintained as an Operating cash reserve, to fund expenditure during the financial year, prior to the collection of revenue. It may also be utilized to fund projects that the council may deem necessary to fund.

INDAKA MUNICIPALITY

BALANCE SHEET AS AT 30 JUNE 2006

	Notes	2005 R	2004 R
CAPITAL EMPLOYED			
FUNDS AND RESERVES		6,138,859	731,379
Accumulated Funds	1	-	-
Reserves	2	6,138,859	731,379
RETAINED SURPLUS/(DEFICIT)	10	-2,997,542	-438,201
		<u>3,141,117</u>	<u>293,178</u>
TRUST FUNDS		-	-
LONG-TERM LIABILITIES			
Deposits		-	-
		<u>3,141,117</u>	<u>293,178</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	3	-	-
LONG TERM DEBTORS		-	-
INVESTMENTS	13	1,023,033	597,313
		<u>1,023,033</u>	<u>597,313</u>
NET CURRENT ASSETS / (LIABILITIES)		2,118,084	-304,132
CURRENT ASSETS		3,284,525	2,506,342
Inventory		-	-
Debtors	5	2,937,159	2,473,465
Cash resources	14	347,366	32,877
Short-term portion of long term debtors	5	-	-
CURRENT LIABILITIES		1,166,441	2,810,475
Provisions	5	250,567	225,000
Trade Creditors	6	-	-
Other Creditors	6	915,874	1,799,164
Short-term portion of long term creditors	6	-	-
Bank Overdraft	14	-	786,311
		<u>3,141,116</u>	<u>293,181</u>

**INCOME STATEMENT FOR THE YEAR
ENDED 30 JUNE 2005**

2004 Actual income R	2004 Actual expenditure R	2004 Surplus / (Deficit) R	2004 Budget Surplus / (Deficit) R		2005 Actual income R	2005 Actual expenditure R	2005 Surplus / (Deficit) R	2005 Budget Surplus / (Deficit) R
11,366,855	12,778,629	(1,411,774)	8,262,138	RATES & GENERAL SERVICES	15,120,453	17,679,794	(2,559,341)	2,559,341
11,272,860	12,503,762	(1,230,902)	8,262,138	- Community Services	15,120,453	17,679,794	(2,559,341)	2,559,341
7,495	76,867	(69,372)	-	- Subsidized Services	-	-	-	-
86,500	198,000	(111,500)	-	- Economic Services	-	-	-	-
26,829	656,574	(629,745)	-	TRADING SERVICES	-	-	-	-
26,829	656,574	(629,745)	-	- Trading Services	-	-	-	-
11,366,855	12,778,629	(2,041,519)	8,262,138	TOTAL	15,120,453	17,679,794	(2,559,341)	2,559,341
				Appropriations for this period				
				<i>(refer to note 15)</i>				
		(2,041,519)		Net surplus for the period			(2,559,341)	
		1,603,320		Accumulated surplus				
				beginning of the period			(438,199)	
		(438,199)		ACCUMULATED SURPLUS				
				AT THE END OF THE PERIOD			(2,997,540)	

(Refer to appendix D and E for more detail)

(Refer to appendix D and E for more detail)

IMBABAZANE MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR

ENDED 30 JUNE 2005

	Note	2005 R	2004
CASH RETAINED FROM OPERATING ACTIVITIES		1,257,507	(930,890)
Cash generated by operations	<u>11</u>	743,841	(12,341,199)
Investment Income	<u>9</u>	119,837	132,888
Increase in working capital	<u>12</u>	384,028	(1,035,483)
		1,257,507	(13,243,894)
Less: External interest paid		-	-
Cash utilized by operations		1,257,507	(13,243,894)
Contributions from Public or Government		-	12,313,103
CASH UTILIZED IN INVESTING ACTIVITIES	<u>3</u>	(425,720)	(4,093,808)
Investment in Fixed Assets		(425,720)	(4,093,808)
NET CASH FLOW		831,787	(5,024,698)
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/ (Decrease) in long-term Loans		-	-
Increase/ (Decrease) in Cash Investments	<u>13</u>	(425,719)	(597,313)
Increase/ (Decrease) in Deposits		-	-
Increase/ (Decrease) in Cash	<u>14</u>	(406,068)	5,622,011
NET CASH GENERATED		(831,787)	5,024,698

INDAKA MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS AT 30 JUNE 2006

	2006 R	2004 R
1. ACCUMULATED FUNDS		
Capital Development Fund	0	0
Public Improvement Fund	0	0
<u>(Refer to appendix A for more detail)</u>	<u>0</u>	<u>0</u>
No contributions were made to CDF for this period.		
2. RESERVES		
CONDITIONAL GRANT	2,345,855	0
NEW BUILDING	287,024	287,024
LUMS GRANT	-38,168	98,102
LED GRANT	238,739	238,739
UPGRADE EXISTING BUILDING	11,025	11,025
KZN PANEL SUPPORT	288,378	288,378
IMPLEMENTATION OF FREE BASIC WATER	-113,989	35,001
EKUVUKENI LIBRARY	2,553	2,553
LED SIGWEJE	0	0
DBSA FEASIBILITY STUDY	134,022	-274,925
COMMUNITY PARTICIPATION	250	250
MAP	900,000	37,234
FREE BASIC SERVICES	987,480	
FREE BASIC ELECTRICITY	871,257	
HOUSING GRANT	103,810	
INTERDEPARTMENTAL PLANNING	142,500	
LIBRARY SECURITY	100,821	
DPLG IDP PROJECT	87,234	
<u>(Refer to appendix A for more detail)</u>	<u>6,138,859</u>	<u>731,379</u>
3. FIXED ASSETS		
Fixed assets at the beginning of the year	18,010,558	13,916,748
Capital expenditure during the year	48,229	4,093,808
Less: Assets written off, transferred or disposed of during the year	<u>9,392,758</u>	<u>0</u>
Total fixed assets	8,664,027	18,010,558
Less: Loans redeemed and other capital receipts	<u>8,664,027</u>	<u>18,010,558</u>
Net fixed assets	<u>0</u>	<u>0</u>
(Refer to appendix "C" and section 2 of the Treasurers Report for more details on fixed assets)		
Fixed assets are resources owned by the Council from which future economic benefits are expected to flow. All assets are capitalized. Fixed assets are financed by grants, subsidies and revenue.		
Asset additions schedule have been prepared and will be brought into account at the end of the financial year.		
4. DEBTORS		
Consumer Debtors	1,814,581	1,814,581
Sundry Debtors	1,888,922	1,888,922
Debtor	4,788,145	
Other Debtors	<u>1,388,777</u>	<u>584,544</u>
	9,870,434	4,088,056
Less Provision for Bad Debts	<u>-6,733,275</u>	<u>-1,814,591</u>
<u>(Refer to appendix "B" for more details)</u>	<u>2,937,159</u>	<u>2,473,465</u>
5. PROVISIONS		
Audit fees	120,000	120,000
Leave Pay	130,587	105,000
Performance Bonus	<u>0</u>	<u>0</u>
	<u>250,587</u>	<u>225,000</u>
6. CREDITORS		
uThukela District Municipality	849,548	1,458,800
Capital Projects	0	0
Trade Creditors	0	0
Sundry Creditors	66,328	342,364
Other	<u>0</u>	<u>0</u>
	<u>915,876</u>	<u>1,799,164</u>

INDAKA MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS AT 30 JUNE 2006

	2005 R	2004 R
7. Councillors' Allowances		
Mayor's Allowances	63,754	61,261
Deputy Mayor's Allowance	67,950	67,672
Executive Committee Allowance	55,349	59,732
Speaker Allowance	53,462	564,602
Councillor's Allowance	705,029	61,805
	0	0
	<u>845,545</u>	<u>805,672</u>

The above allowances includes contributions to Pension Fund, Telephone Allowance, Travelling allowance and contribution for personal use.

8. AUDITORS REMUNERATION

Audit Fees	<u>111,759</u>	<u>111,759</u>
	<u>111,759</u>	<u>111,759</u>

9. INVESTMENT INCOME

Interest Earned	119,637	132,668
Interest paid	0	0
	<u>119,637</u>	<u>132,668</u>

10. APPROPRIATIONS

Net Appropriation account		
Accumulated surplus/(deficit) at the beginning of the period	-438,201	1,603,320
Operating surplus for the period	-2,659,341	-2,041,521
Appropriations for the year	-2,559,341	-2,041,521
Prior Year adjustments	0	0
	<u>-2,997,542</u>	<u>-438,201</u>
Accumulated surplus/(deficit) at the end of the period		
Operating account		
Capital expenditure	1,471,583	1,471,583
Contributions to:	346,789	263,679
- Audit Provision	111,759	111,759
- Leave Pay	130,567	47,447
- Performance Bonus	0	0
- Bad Debts	104,473	104,473
	0	0
	<u>1,818,382</u>	<u>1,735,262</u>

INDAKA MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS AT 30 JUNE 2005

	2005 R	2004 R
11. CASH GENERATED BY OPERATIONS		
Net surplus (deficit) for the year	-2,559,341	-2,041,521
Adjustment for:		
Appropriations for previous year	0	0
Appropriations charged against income	6,697,628	1,735,258
Capital Development fund	0	0
Provisions and reserves	6,651,400	263,675
Fixed Assets	46,228	1,471,583
Investment Income	-119,637	-132,688
Grants and Subsidies Received	0	-11,068,103
Non operating income		
Provisions	-4,539,690	0
Reserves	0	57,557
Non operating expenditure		
Trust Funds	0	0
Provisions & Reserves	1,218,553	-866,703
Fixed Assets	46,228	0
Sale of Assets	0	0
Operating surplus before working capital changes	<u>743,841</u>	<u>-12,348,200</u>
12. (INCREASE)/DECREASE IN WORKING CAPITAL		
(Increase)/decrease in stock	0	0
(Increase) in debtors	-483,694	-1,693,148
(Increase)/decrease in deposits	0	0
(Increase) in creditors	857,722	657,665
	<u>394,028</u>	<u>-1,035,483</u>
13. (INCREASE)/DECREASE IN INVESTMENTS		
Investment beginning of the year	597,313	3,797,313
Investment end of the year	1,023,033	3,200,000
Net increases in cash equivalents	<u>-425,719</u>	<u>597,313</u>
14. (INCREASE)/ DECREASE IN CASH ON HAND		
Cash balance beginning of the year	753,434	4,868,577
-Cash on hand	1,000	0
-Cash in bank	752,434	4,868,577
Less: Cash balance at the end of the period	347,366	753,434
-Cash on hand	1,000	1,000
-Cash at Bank	346,366	752,434
	<u>-408,068</u>	<u>6,822,011</u>

15. (INCREASE)/DECREASE IN LONG-TERM LOANS (EXTERNAL)

Loans Raised	0	0
Loans Repaid	0	0
	<u>0</u>	<u>0</u>

20

INDAKA MUNICIPALITY**NOTES TO FINANCIAL STATEMENTS AT 30 JUNE 2006**

	2006 R	2004 R
16. CAPITAL DEVELOPMENT FUND		
Accumulated Funds (Appendix A)	0	0
Less: Internal Investment to Borrowing Services (Appendix B)	<u>0</u>	<u>0</u>
Balance available for External Investment	<u>0</u>	<u>0</u>
17. PUBLIC IMPROVEMENT FUND		
Accumulated Funds (Appendix A)	0	0
Less: Internal Investment to Borrowing Services (Appendix B)	0	0
Less: Funds Invested in fixed assets (Appendix C)	<u>0</u>	<u>0</u>
Balance available for External Investment	<u>0</u>	<u>0</u>

18. RETIREMENT BENEFITS

Employees belong to the following funds within the Natal Joint Municipal Pension/Provident Funds which provide retirement benefits to such employees. This is a compulsory benefit.

- (i) Natal Joint Municipal Pension Fund (retirement)
- (ii) Natal Joint Municipal Pension Fund (superannuation)
- (iii) Natal Joint Municipal Pension Fund (provident)
- (iv) Municipal Councillors Pension Fund

The retirement plan is subject to the Pension Fund Act 1956 with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.

Full actuarial valuation are performed at least every three years. The latest independent valuation of the funds, which indicated that the funds were in a sound financial position, was undertaken on 31 March 1998.

Indaka Municipality and the employees contribute to the Natal Joint Municipal Pension fund and councillors contributing to Municipal Councillors Pension Fund.

The percentage contribution on basic salary / allowances are as follows:

Council	9.75%
Staff Members	5.00%
Council	13.65%
Councillors	15.00%

19. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved and contracted for	0	0
Approved but not yet contracted for	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

This experience will be financed from:

Contributions ex Revenue	0	2,250,000
External sources grants	0	1,912,918
Contributions to buildings	0	100,000
	<u>0</u>	<u>4,262,918</u>

INDAKA MUNICIPALITY

APPENDIX A

STATUTORY FUNDS, RESERVES, TRUST FUNDS AND PROVISIONS

	Balance at 01/07/2004 R	Contributions during the period R	Interest on investment R	Other income R	Operational expenditure during the period R	Capital expenditure during the year R	Balance at 30/06/2005 R
STATUTORY FUNDS							
Capital Development Funds	-	-	-	-	-	-	-
- Rates & General Services	-	-	-	-	-	-	-
Public Improvement Funds	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
RESERVES							
CONDITIONAL GRANT	-	2,345,855	-	-	-	-	2,345,855
NEW BUILDING	297,024	-	-	-	-	-	297,024
LUMS GRANT	98,102	-	-	-	-	134,290	(36,188)
LED GRANT	236,739	-	-	-	-	-	236,739
UPGRADE EXISTING BUILDING	11,025	-	-	-	-	-	11,025
KZN PANEL SUPPORT	288,376	-	-	-	-	-	288,376
IMPLEMENTATION OF FREE BASIC WATER	35,001	-	-	-	-	148,000	(113,999)
EKUVUKENI LIBRARY	2,553	-	-	-	-	-	2,553
LED SIGWEJE	-	-	-	-	-	-	-
DBSA FEASIBILITY STUDY	(274,825)	408,947	-	-	-	-	134,022
COMMUNITY PARTICIPATION	250	-	-	-	-	-	250
MAP	-	900,000	-	-	-	-	900,000
FREE BASIC SERVICES	-	1,288,000	-	-	-	318,520	987,480
FREE BASIS ELECTRICITY	-	1,288,000	-	-	-	616,743	671,257
HOUSING GRANT	-	103,910	-	-	-	-	103,910
INTERDEPARTMENTAL PLANNING	-	142,500	-	-	-	-	142,500
LIBRARY SECURITY	-	100,821	-	-	-	-	100,821
DPLG IDP PROJECT	37,234	50,000	-	-	-	-	87,234
	731,379	6,825,833	-	-	-	1,218,553	6,138,659
PROVISIONS							
Audit Fees	120,000	-	-	-	-	-	120,000
Leave Pay	105,000	25,567	-	-	-	-	130,567
Performance Bonuses	-	-	-	-	-	-	-
	224,999	25,567	-	-	-	-	250,567
TOTAL	956,378	6,851,400	-	-	-	1,218,553	6,389,228

INDAKA MUNICIPALITY

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	Balance at	Received	Redeemed or	Balance at
	01 July 2004	during the	written off	30 June 2005
	R	period	during the	R
Annuity Loans	-	-	-	-
Fixed Loans	-	-	-	-
	-	-	-	-

INTERNAL ADVANCES BORROWING SERVICES	Balance at	Received	Redeemed or	Balance at
	01 July 2004	during the	written off	31 December 2004
	R	period	during the	R
Public Improvement Fund	-	-	-	-
Capital Development Fund	-	-	-	-
	-	-	-	-

INDAKA MUNICIPALITY

APPENDIX C : ANALYSIS OF FIXED ASSETS

Expenditure 2004 R	Service R	Budget 2005 R	Balance at 01.07.2004 R	Expenditure 2005 R	Written off transferred R	Balance at 30.06.2005 R
4,093,808	Rates & General Services	-	17,211,341	48,229	8,693,543	8,664,028
218,279	Community Services	0	1,489,636	48,229	0	1,538,763
0	Access Roads	0	110,000	0	0	110,000
0	Motor Vehicle	0	441,304	0	0	441,304
218,279	Officer Furniture & Equipment	0	938,230	48,229	0	986,459
3,877,529	Subsidised Services	0	7,128,263	0	0	7,128,263
3,877,529	Building Control	0	7,128,263	0	0	7,128,263
0	Health & Refuse	0	0	0	0	0
0	Library	0	0	0	0	0
0	Economic Services	0	8,693,543	0	8,693,543	-0
0	Cleansing	0	0	0	0	0
0	Sewerage	0	8,693,543	0	8,693,543	-0
0	HOUSING	0	0	0	0	0
0	Economic	0	0	0	0	0
0	Sub-Economic	0	0	0	0	0
0	TRADING SERVICES	0	799,215	0	799,215	0
0	Electricity	0	0	0	0	0
0	Water	0	799,215	0	799,215	0
0	PUBLIC IMPROVEMENT	0	0	0	0	0
0	FUND	0	0	0	0	0
4,093,808	TOTAL FIXED ASSETS	0	18,010,666	48,229	9,392,758	8,664,028
4,093,808	LOANS REDEEMED AND OTHER CAPITAL RECEIPTS		18,010,666	48,229	9,392,758	8,664,028
0	Loans redeemed		0	0	0	0
1,471,583	Contributions from ex operating income		2,278,767	48,229	0	2,326,016
2,622,225	Grants & Subsidies		15,730,769	0	9,392,758	6,338,011
0	Contribution from Transitional Grant		0	0	0	0
0	Contribution from Nd/pimms		0	0	0	0
0	Contribution from Equit. Reserve		0	0	0	0
0	Contributions for CBPW - PIA		0	0	0	0
0	Public Contributions		0	0	0	0
0	Miscellaneous		0	0	0	0
0	NET FIXED ASSETS		0	0	0	0

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE
FOR THE YEAR ENDING 30 JUNE 2005

Actual 2004 R		Actual 2005 R	Budget 2005 R
	INCOME		
11,098,103	Government and Provincial grants and subsidies	14,833,738	14,506,309
-	- Equitable share	10,125,635	10,797,000
11,098,103	Government grants and subsidies	4,708,103	3,809,309
-	- Public / Local Government	-	-
162,893	Operating Income	167,077	248,500
-	RATES AND GENERAL	-	-
-	SITE RENTALS	-	500
-	REFUSE REMOVAL	167,077	235,000
-	BARIAL FEES	-	8,500
-	HIRE HALLS	-	8,500
-	BUILDING PLANS	-	-
-	BOARDING OF VEHICLES	-	-
-	CDWs	-	-
162,893	- Tariff Income	-	-
-	Other Income	-	-
-	- Rant Income	-	-
-	- Donation Received	-	-
-	- Discount Received	-	-
-	- Commission Received	-	-
-	- Surplus Funds	-	-
-	- Equity Share	-	-
-	- Sundry income	-	-
132,888	Interest earned	119,637	270,000
11,393,685	TOTAL INCOME	15,120,453	15,124,809
	EXPENDITURE		
	OPERATING EXPENDITURE		
5,782,361	Salaries, wages and allowances	6,594,329	6,515,130
4,407,784	General expenses	3,975,452	3,222,152
694,721	Repairs and maintenance	412,384	453,000
-	Capital charges	-	-
1,471,583	Contributions to fixed assets/ex revenue	46,228	127,000
805,079	Projects	-	-
263,875	Contributions to funds/capital	6,651,400	4,228,055
13,435,203	Gross operating expenditure	17,679,794	14,543,337
-	Less : Amounts recharged	-	-
13,435,203	Net operating expenditure	17,679,794	14,543,337
(2,041,617)	SURPLUS	(2,559,341)	681,472

INDAKA MUNICIPALITY**APPENDIX E : DETAILED INCOME STATEMENT FOR THE YEAR ENDING 30 JUNE 2008**

APPENDIX E : DETAILED INCOME STATEMENT FOR THE YEAR ENDING 30 JUNE 2008

2004 Actual Income R	2004 Actual expenditure R	Surplus/ (deficit) R	2008 Actual Income R	2008 Actual expenditure R	2008 Surplus/ (deficit) R	2008 Budget Surplus/ (deficit) R	
11,272,860	12,803,782	-1,230,902	RATES & GENERAL	14,853,378	17,816,482	-2,863,108	167,077
11,272,860	12,803,782	-1,230,902	ADMINISTRATION	14,853,378	17,816,482	-2,863,108	167,077
11,272,860	2,930,860	8,342,000	Council General Expenses	14,853,378	6,831,807	8,121,789	167,077
0	3,056,425	-3,056,425	Corporate Services	0	2,781,181	-2,781,181	0
0	3,603,931	-3,603,931	Engineering Services	0	5,427,890	-5,427,890	0
0	2,049,411	-2,049,411	Development and Planning	0	567,743	-567,743	0
0	665,727	-665,727	Financial Services	0	968,940	-968,940	0
0	197,408	-197,408	Housing Services	0	525,717	-525,717	0
0	0	0	Municipal Manager	0	493,604	-493,604	0
0	0	0					
7,485	76,867	-69,372	SUBSIDISED SERVICES	0	63,312	-63,312	0
3,340	1,000	2,340	Cemetry	0	0	0	0
4,166	76,867	-71,712	Halls	0	62,983	-62,983	0
0	0	0	Library	0	10,329	-10,329	0
86,500	198,000	-111,500	ECONOMIC SERVICES	167,077	0	167,077	67,923
33,990	198,000	-164,010	Refuse Removal	167,077	0	167,077	67,923
62,610	0	62,610	Sewerage Conservancy	0	0	0	0
0	0	0	Sewerage Retention	0	0	0	0
28,828	658,674	-629,746	TRADING SERVICES	0	0	0	0
28,828	658,674	-629,746	Water	0	0	0	0
0	0	0	Electricity	0	0	0	0
<u>11,393,883</u>	<u>13,438,203</u>	<u>-2,044,321</u>	TOTAL	<u>18,120,453</u>	<u>17,878,794</u>	<u>-2,658,341</u>	<u>238,000</u>
		0	Appropriations for this year			0	
		-2,044,321	(refer to note)			-2,658,341	
		1,603,320	Net surplus/(deficit) for the yr			-438,201	
			Accumulated surplus/(deficit)				
			beginning of the year				
			Accumulated surplus/(deficit)				
			end of year			<u>-2,997,542</u>	

INDAKA MUNICIPALITY

Appendix F

Statistical Information
for the year ended 30 June 2005

a)	General Statistics		
	I	Population-Approximately	98 487
	II	Valuation of taxable and non taxable property	No
	III	Date of last valuation	N/A
	IV	Number of residential sites	15 043
b)	Water Statistics		
	I	Number of users-commercial and residential	0
	II	Kilolitres bought	0
	III	Kilolitres sold	0
	IV	Units lost in distribution	Nil
	V	Units lost in distribution as a percentage	N/A
	VI	Cost per unit bought	0
	VII	Loss in distribution	N/A
	VIII	Cost per unit sold (Operating expenditure/iii)	0
	IX	Income per unit sold (Operating income/iii)	0
c)	Sundry Statistics		
	I	Area in KM squared	629 393KM
	II	Previous election number of registered voters	33804
	III	Building Survey-number of building plans passed	1
		Value of building plans passed	R70 000
		Number of inspections performed	1
		Plan fees	R 30
	IV	Cleansing : Refuse removed and dumped	2749 Sites
	V	Roads & works, Km of roads constructed/ repaired	100km
	VI	Housing: Number of houses	2700
d)	Other		
	I	Total Number of Wards	23
	II	Total Number of Councilors	
	III	Total number of voting district	
	IV	Number of employees	
	V	Number of police stations	
	VI	Number of Medical Facilities	
	VII	Number of Schools	